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Message Text

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PAGE 01 GENEVA 04458 061359Z
ACTION EB-07

INFO OCT-01 ISO-00 AF-10 ARA-06 EA-07 EUR-12 NEA-10
IO-13 AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00
FRB-03 H-01 INR-07 INT-05 L-03 LAB-04 NSAE-00
NSC-05 PA-01 EPG-02 AID-05 SS-15 STR-04 ITC-01
TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01 OIC-02
XMB-02 /137 W
----------061402Z 083185 /50
R 061325Z JUN 77
FM USMISSION GENEVA
TO SECSTATE WASHDC 7967
INFO ALL EC CAPITALS
AMEMBASSY OTTAWA
AMEMBASSY TOKYO
USMISSION USUN

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USOECD

EB/ITP FOR BARRACLOUGH

STR FOR AMB. WOLFF

PASS TREASURY

E.O. 11652: N/A
TAGS: GATT, ETRD
SUBJ: TAX PRACTICES OF FRANCE, BELGIUM, NETHERLANDS

REF: GENEVA 4083

1. GATT SECRETARIAT HAS JUST REPRODUCED AND CIRCULATED A MESSAGE FROM IN INTERNATIONAL CHAMBER OF COMMERCE INTITLED "DOUBLE TAXATION RELIEF BY EXEMPTION AND OBLIGATIONS UNDER
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PAGE 02 GENEVA 04458 061359Z

GATT". THE ICC DOCUMENT GRATUITOUSLY STATES THAT THE GATT PANELS ON THE TAX PRACTICES OF FRANCE, BELGIUM, NETHERLANDS FUNDAMENTALLY MISUNDERSTOOD THE NATURE OF BRANCH OPERATIONS.

2. REPORT SAYS IT IS NOT A PROPER CONCERN OF GATT TO REQUIRE THAT PROFITS ARISING FROM TRADING ACTIVITIES IN IMPORTING GOODS WITHIN ONE COUNTRY BE TAXED AT THE RATES OR UNDER

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

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THE CONDITIONS IMPOSED FOR TAXING PROFITS FROM SUCH ACTIVITIES IN ANOTHER COUNTRY. SAYS IT WOULD BE REGRETTABLE IF "DUE TO FAILURE TO ANALYZE AND COMPREHEND THE NATURE OF SEPARATE TRADING ACTIVITIES" THIS METHOD OF SOLVING PROBLEM OF DOUBLE TAXATION "WERE TO BE INTERPRETED AS A NULLIFICATION OR IMPAIRMENT OF OTHER CONTRACTING PARTIES' BENEFITS UNDER GATT". DOCUMENT CONTAINS LIST OF ICC PUBLICATIONS IN WHICH THE EXEMPTION SYSTEM HAS BEEN RECOMMENDED. COPIES OF GATT DOCUMENT L/4505 ARE BEING SENT DIRECTLY TO WASHINGTON INDIVIDUALS NOTED ABOVE; ADDITIONAL COPIES FOLLOW FOR NORMAL WASHINGTON DISTRIBUTION.

3. WE CALLED GATT DEPUTY D-G GARDNER PATTERSON TO EXPRESS SURPRISE THAT SECRETARIAT WOULD ON ITS OWN INITIATIVE CIRCULATE AS A GATT DOCUMENT THIS UNILATERAL COMMUNICATION FROM INTERNATIONAL CHAMBER OF COMMERCE. PATTERSON SAID SECRETARIAT HAD DECIDED TO DO SO AFTER CONSIDERABLE INTERNAL DISCUSSION. HE SAID VIEWS IN COMMUNICATION WERE CLEARLY LABELLED AS THOSE OF ICC, AND THAT SECRETARIAT HAD IN PAST CIRCULATED ICC COMMUNICATIONS AS A WAY OF HEADING OFF ICC REQUESTS TO SPEAK IN GATT MEETINGS. WE ASKED WHETHER SECRETARIAT WOULD CIRCULATE AS A GATT DOCUMENT, FOR EXAMPLE, ANY COMMUNICATION FROM OTHER ORGANIZATIONS, SUCH AS UNCTAD, WHICH PURPORTED TO INTERPRET GATT'S AREAS OF AUTHORITY; PATTERSON MERELY COMMENTED THAT NO SUCH COMMUNICATION HAD BEEN RECEIVED. WE SAID WE FELT
SECRETARIAT HAD ACTED IMPROPERLY IN THIS CASE AND THAT
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CIRCULATION OF SUCH A COMMUNICATION ON MATTERS AS SENSITIVE AS THIS SHOULD AS MINIMUM HAVE INVOLVED CONSULTATIONS WITH AFFECTED DELEGATIONS.

4. NOTE: WE WONDER WHETHER U.S. MEMBERS OF ICC WERE INVOLVED IN ICC DECISION TO REQUEST CIRCULATION OF DOCUMENT UNDER-CUTTING POSITION U.S. HAS BEEN TAKING ON THIS ISSUE IN GATT.
SORENSON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE, POLICIES, TAXES
Control Number: n/a
Copy: SINGLE
Sent Date: 06-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977GENEVA04458
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
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Film Number: D770200-1155
Format: TEL
From: GENEVA
Handling Restrictions: n/a
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Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Reference: 77 GENEVA 4083
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 01-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
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SAS ID: 2266959
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Subject: TAX PRACTICES OF FRANCE, BELGIUM, NETHERLANDS
TAGS: ETRD, FR, BE, NL, GATT
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22 May 2009
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